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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Emerson P. Jones

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EXAMINER

VEZERIS, JAMES A

ART UNIT

PAPER NUMBER

3693

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/766,315	<b>Applicant(s)</b> JONES ET AL.	
	<b>Examiner</b> JAMES A. VEZERIS	<b>Art Unit</b> 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 12 February 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-21 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### **Final Action**

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

### **Response to Applicant's Arguments**

1. Claims 1-21 are pending in the application.
2. Claims 1-3, 7, 15, 16, 19, and 20 have been amended.
3. Examiner agrees that all 112 2<sup>nd</sup> paragraph rejections have been addressed and therefore withdraws all 112 2<sup>nd</sup> paragraph rejections.
4. Examiner agrees with the applicant reasoning that there are no grounds for the rejections of claims 1, 2, and 17, under 35 U.S.C. 101, and therefore withdraws said rejections.
5. In response to the applicant's argument that:

"Initially, applicants observe that the Shearman reference does not go beyond the description of prior art mandatory units contained in the present application. It seems to applicants that the Examiner misconstrues footnote 4 of the Shearman reference. That footnote clearly implies that the remarketing of the note should be uncapped to satisfy the IRS requirement that the remarketing be substantially certain to succeed. There is nothing in Shearman's description of mandatory units and the applicable IRS guidance that in any way suggests the claimed combination of capped remarketings followed if necessary by an uncapped remarketing."

The examiner believes that footnote 4 of Sherman does teach the remarketing strategy of using a capped note. Even though it is stated, "The IRS stated that a remarketing would not be substantially certain to be successful if a cap was imposed on the interest rate that could be set in the remarketing." Meaning, as the applicant argues, an uncapped note should be used; it also teaches that capped remarketings are known and therefore a viable option. The combination of capped and uncapped marketings would have been known in the art as proven by the fact the IRS proved capped "...remarketings would not be substantially certain to be successful. " Reiterating, the method claimed by the applicant would yield predictable results based on reorganizing known steps.

6. In response to the applicant's argument that:

"This deficiency of the Shearman reference is not compensated for by the ARM reference. Indeed, the ARM reference merely reflects the well known concept that for adjustable rate mortgages there is typically a cap on how much the mortgage interest rate may be adjusted. In no way does the concept of capping the possible rate adjustment on an ARM provide any apparent reason why those of ordinary skill in the art would modify conventional mandatory units to provide capped remarketings of the note followed by an uncapped remarketing. The entire field of ARMs has no bearing whatsoever on approaches for remarketing the note portion of a mandatory unit. More specifically, and contrary to the Examiner's assertion (at page 4, lines 6 and 7 from the bottom of the page), the ARM reference does not in any manner suggest or teach "at least a subsequent capped remarketing". Nothing in the ARM reference has anything to do with remarketing.

The examiner wishes to state that the ARM's art was used to reinforce the idea of a capped remarketing to build a more cohesive argument of rejection, by using a similar

capped situation for remarketing as used daily in the ARM area. Since capped remarketings are also in Sherman, the examiner still maintains the rejection.

7. In response to the rest of the applicant's arguments, the examiner maintains, as clarified above, that a prima facie case was proven. Therefore the rejection of claim 1 stands.

### **Claim Rejections- 35 U.S.C. 103(a)**

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-5 and 7-18 rejected under 35 U.S.C. 103(a) as being unpatentable over Shearman in view of Mortgage.

#### **Regarding Claim 1.**

Shearman teaches a method for issuing a unit to a holder, comprising:  
creating a forward contract, the forward contract specifying a settlement amount and a settlement date; (Shearman "Description of Mandatory Units" first paragraph)  
creating a note securing obligations of said holder under said forward contract, (Shearman "Description of Mandatory Units" second paragraph) said note specifying an initial capped remarketing (Shearman footnote 4), and an uncapped remarketing (Shearman "IRS analysis" Last paragraph), said uncapped remarketing performed only if each of said capped remarketings fail (Shearman "IRS analysis" Last paragraph),

each of said capped and uncapped remarketings scheduled to occur prior to said settlement date; (Shearman "Description of Mandatory Units 2<sup>nd</sup> Paragraph)

issuing said forward contract and said note as the unit. (Shearman first paragraph

Shearman fails to teach at least a first subsequent capped remarketing.

Mortgage does teach at least a first subsequent capped remarketing. (Mortgage "rate adjustment period and adjustment cap also Shearman footnote 4)

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

### **Regarding Claim 2.**

Shearman further teaches wherein said note further specifies, in addition to said initial capped remarketing, said at least a first subsequent\_capped remarketing, and said uncapped remarketing, an opportunistic remarketing period during which an issuer of said unit has discretion to perform at least one of a capped and an uncapped remarketing. (Shearman "Description of Mandatory Units" second paragraph, Shearman "IRS analysis" last paragraph)

### **Regarding Claim 3.**

Shearman fails to further teach further comprising a second and a third subsequent capped remarketing prior to said uncapped remarketing.

Mortgage teaches further comprising a second and a third subsequent capped remarketing prior to said uncapped remarketing. (See Mortgage) Examiner notes that Mortgage teaches “subsequent rate adjustments” meaning an infinite number of possible rate adjustments.

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 4.**

Shearman further teaches a remarketing is successful if said note can be resold for an amount greater than said settlement amount. (Shearman “Description of Mandatory Units” paragraph 2)

**Regarding Claim 5.**

Shearman further teaches a remarketing is successful if said note can be resold for an amount greater than said settlement amount plus a remarketing fee. (Shearman “Description of Mandatory Units” paragraph 2) Examiner notes that the amount of money mentioned in Shearman must be “at least equal to the settlement amount” allowing for any amount greater than the settlement amount as well.

**Regarding Claim 7.**

Shearman teaches

attempting an initial capped remarketing of a note portion of said mandatory unit, (Shearman footnote 4) said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory unit (Shearman "Description of Mandatory Units" 2<sup>nd</sup> Paragraph), said initial remarketing subject to a reset rate cap; (Shearman footnote 4)

attempting, if both said initial capped remarketing and said subsequent capped remarketing are unsuccessful, a final remarketing of said note portion of said mandatory unit (Shearman "IRS analysis" Last paragraph, said final remarketing attempted prior to said settlement date and not subject to a reset rate cap. (Shearman "IRS analysis" Last Paragraph)

Shearman fails to teach attempting a subsequent capped remarketing if said initial remarketing is unsuccessful;

Mortgage teaches attempting a subsequent capped remarketing if said initial remarketing is unsuccessful; (Mortgage)

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

#### **Regarding Claim 8.**

Shearman further teaches attempting, prior to said attempting said final remarketing, an opportunistic remarketing, said opportunistic remarketing performed at



an option of an issuer of said mandatory unit. (Shearman “Description of Mandatory Units” second paragraph)

**Regarding Claim 9.**

Shearman further teaches said opportunistic remarketing is at least one of a capped and an uncapped remarketing. (Shearman “Description of Mandatory Units” second paragraph)

**Regarding Claim 10.**

Shearman further teaches settling said forward contract portion of said mandatory unit with proceeds from a successful remarketing. (Shearman “Description of Mandatory Units” second paragraph)

**Regarding Claim 11.**

Shearman further teaches a remarketing is successful if said note can be resold for an amount greater than a settlement price associated with said forward contract. (Shearman “Description of Mandatory Units” second paragraph)

**Regarding Claim 12.**

Shearman further teaches a remarketing is successful if said note can be resold for an amount greater than a settlement price associated with said forward contract plus a remarketing fee. (Shearman “Description of Mandatory Units” second paragraph)

**Regarding Claim 13.**

Shearman further teaches said initial remarketing is scheduled to occur prior to said settlement date. (Shearman “Description of Mandatory Units” first paragraph)

**Regarding Claim 14.**

Shearman together with mortgage further teach both said subsequent capped remarketing and said final remarketing are scheduled to occur prior to said settlement date and after said initial remarketing. (Shearman "Description of Mandatory Units" 2<sup>nd</sup> paragraph, Shearman "IRS analysis" Last paragraph, Mortgage")

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 15.**

Shearman fails to further teach if said subsequent capped remarketing is unsuccessful, a second and a third subsequent capped remarketing are attempted prior to said final remarketing.

Mortgage teaches if said subsequent capped remarketing is unsuccessful, a second and a third subsequent capped remarketing are attempted prior to said final remarketing. (Mortgage, also see Shearman footnote 4)

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 16.**

Shearman further teaches determining that each of said attempted remarketings is unsuccessful; (Shearman "Description of Mandatory Units" paragraph 2)

upon determining that each of said attempted remarketings is unsuccessful, settling said forward contract portion of said mandatory unit with a seizure of collateral of a holder of said forward contract. (Shearman "Description of Mandatory Units" paragraph 1)

**Regarding Claim 17.**

Shearman further teaches a method for issuing a mandatory unit from an issuer to a holder, the method comprising:

creating a forward contract, the forward contract having a contract term extending from an issue date of said unit to a settlement date, (Shearman "Description of Mandatory Units" first paragraph) said forward contract specifying a share delivery ratio for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount; (Shearman "Description of Mandatory Units" first paragraph)

creating a note securing obligations of said holder under said forward contract, (Shearman "Description of Mandatory Units" second paragraph) said note specifying an initial capped remarketing (Shearman footnote 4), an opportunistic remarketing period, and an uncapped remarketing, (Shearman "Description of Mandatory Units" second paragraph) said uncapped remarketing performed only if each of said capped remarketings and any remarketings attempted during said opportunistic remarketing

period fail; (Shearman "IRS analysis" Last paragraph)

issuing said forward contract and said note as a unit. (Shearman first paragraph)

Shearman fails to teach at least a first subsequent capped remarketing,

Mortgage teaches at least a first subsequent capped remarketing, (Mortgage)

It would be obvious for one skilled in the art to combine Shearman with Mortgage to utilize the rate adjustment cap.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 18.**

Shearman further teaches wherein said note is a contingent note. (Shearman "Description of Mandatory Units" 1st and 2nd paragraphs) Examiner notes that Shearman describes a note which can be converted to stock; which is the definition of a contingent note.

3. Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Shearman in view of Mortgage in further view of Suns.

**Regarding Claim 6.**

Shearman fails to teach an issuer of said unit is a financial institution obligated to maintain Tier 1 and Tier 2 capital and wherein said unit is treated as Tier 1 capital.

Suns teaches an issuer of said unit is a financial institution obligated to maintain Tier 1 and Tier 2 capital and wherein said unit is treated as Tier 1 capital. (See Suns Paragraph 2)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

4. Claims 19-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shearman in view of Mortgage in further view of Official Notice

**Regarding Claim 19.**

Shearman together with Mortgage and Official notice teach a unit administration system, comprising:

a processor; and (Official Notice)

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to: (Official Notice)

Official Notice is taken that using a computer to trade or exchange contracts was well known at the time of the invention.

administer an attempt of an initial capped remarketing of a note portion of said mandatory unit (Shearman Footnote 4), said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory unit (Shearman "Description of Mandatory Units" 1st Paragraph), said initial remarketing subject to a reset rate cap; (Shearman Footnote 4)

administer an attempt of a subsequent capped remarketing if said initial remarketing is unsuccessful; (Shearman "IRS analysis" Last Paragraph)

administer an attempt, if both said initial capped remarketing and said subsequent capped remarketing are unsuccessful(Shearman "IRS analysis" Last Paragraph), a final remarketing of said note portion of said mandatory unit, said final remarketing attempted prior to said settlement date and not subject to a reset rate cap. (Shearman "IRS analysis" Last Paragraph)

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 20.**

Shearman together with Mortgage and Official notice teach a communication device coupled to receive information from at least one of an issuer, a holder, a remarketing agent, and a market data source. (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time of the invention.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

**Regarding Claim 21.**

Shearman together with Mortgage and Official notice teach a method for remarketing a mandatory unit:

(a) attempting an initial capped remarketing of a note portion of said mandatory unit (Shearman footnote 4), said initial remarketing attempted prior to a settlement date of a forward contract portion of said mandatory unit (Mortgage, Shearman "Description of Mandatory Units" first paragraph), said initial remarketing subject to a reset rate cap; (Mortgage)

(b) attempting a subsequent capped remarketing if said initial remarketing is unsuccessful; and (Shearman "IRS analysis" Last Paragraph)

© attempting, if both said initial capped remarketing and said subsequent capped remarketings are unsuccessful, a final remarketing of said note portion of said mandatory unit, said final remarketing attempted prior to said settlement date and not subject to a reset rate cap; (Shearman "IRS analysis" Last Paragraph)

wherein at least some of said (a)-(c) are performed using a computer. (Official Notice) Official Notice is taken that using a computer to trade or exchange contracts was well known at the time of the invention.

There is motivation to combine these sources because in doing so a company is able to hedge their investments allowing them to take less risk resulting in a more stable business plan.

### **Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES A. VEZERIS whose telephone number is

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(571)270-1580. The examiner can normally be reached on Monday-alt. Fridays  
7:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

/JAMES A VEZERIS/  
Examiner, Art Unit 3693

4/23/2008